



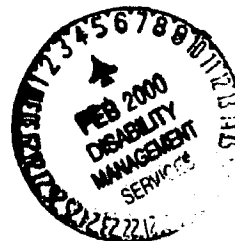
**CS CLAIMS
GROUP INC.**

401 Huehl Road, #1-E
Northbrook, IL 60062
Phone (847) 559-0670
Fax (847) 559-0672

January 31, 2000

Bob Mills
DISABILITY MANAGEMENT SERVICES, INC.
1350 MAIN STREET
SPRINGFIELD, MA 01103-1619

RE: Christopher Kearney
Policy/Claim: 493029H538069 JP



Dear Mr. Mills:

We would like to thank you for your recent request for investigation. The case has been assigned to one of our regional investigators. You can expect to receive an initial report in the very near future.

C. S. Claims Group, Inc.

3122

PMSI / ICS

CMH REQUEST - DMS/SPRINGFIELD

Account Number CIRCLE CORRECT #

Date: 1/31/00

4374	TRAVELERS
4381	PENN MUTUAL
4362	MUT. BENEFIT
4554	JEFF. PILOT
4764	MONY (SPFLD.)

Requestor: Bob Mills Phone: 413-747-0990 x. 1119Claimant: Christopher Kearney CLAIM#: H538069 ; H 493029Address: RedactedDOB: Redacted SS#: Redacted** Provider: Dr Donna Judd-McClure Phone: _____Address: 6721 Karel Rd Columbus OH 43229Obtain: All Records ☒ or _____ to present

Special Instructions: _____

** Provider: Dr. M. Lehenhauer Phone: 513-398-3445Address: ⁶⁰⁸ ~~2117~~ Rending Rd ^{St. B} Mason OH 45040Obtain: All Records ☒ or _____ to present

Special Instructions: _____

** Provider: Dr. Ambrose Perdue Phone: 513-733-0070Address: 11071 Main St. Cincinnati OH 45241Obtain: All Records ☒ or _____ to present

Special Instructions: _____

PMSI / ICS

CMH REQUEST - DMS/SPRINGFIELD

Account Number CIRCLE CORRECT #

Date: 1/31/00

4374 TRAVELERS
4381 PENN MUTUAL
4362 MUT. BENEFIT
4554 JEFF. PILOT
4764 MONY (SPFLD.)

Requestor: Bob Mills Phone: 413-747-0990 x. 1119

Claimant: Christopher Kearney CLAIM#: 4538069: H 493029

Address: Redacted Redacted

DOB: Redacted SS#: Redacted

** Provider: Dr. Bret France Phone: 513-232-6677
513-721-1111

Address: _____

Obtain: All Records ☒ or _____ to present

Special Instructions: _____

** Provider: Dr. Howard Beringer Phone: _____

Address: 1004 Degenia Rd Lebanon OH 45036

Obtain: All Records ☒ or _____ to present

Special Instructions: _____

** Provider: _____ Phone: _____

Address: _____

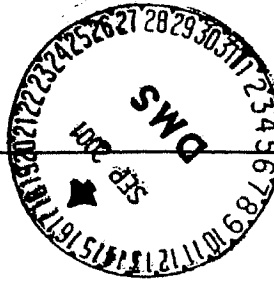
Obtain: All Records _____ or _____ to present

Special Instructions: _____

RFN)



CS CLAIMS
GROUP INC.



401 Huehl Road, #1-E
Northbrook, IL 60062
Phone (847) 559-0670
Fax (847) 559-0672

TAX I.D. #36-3756269

TO: Bob Mills
DISABILITY MANAGEMENT SERVICES, INC.
1350 MAIN STREET
SPRINGFIELD, MA 01103-1619

Case Name: Christopher Kearney
Your File #: 433029/H538069(JP)
C S Claims File #: DM02-035A
Invoice Date: 6/30/01

Description		Cost
Professional Services	14.75 hrs. @ \$53	\$781.75
Steno		27.13
Telephone		22.23
Mileage		206.40
Records		101.70
Postage		3.33

Total due for June, 2001

\$1,142.54

SECOND REQUEST - PLEASE

8/8/01

THIRD REQUEST

PLEASE

9/13/01

ok to pay
R-11
9/18/01

3132

09/10/2001 15:38 FAX

SHALIK, MORRIS & Co.

001



JOSEPH R. LEVY

Forensic Accounting Services to the Insurance Industry

A DIVISION OF SHALIK, MORRIS & COMPANY, LLP

Certified Public Accountants

DATE:

9/10/01

TO:

Bob Mills

COMPANY:

DISABILITY MANAGEMENT

FAX #:

(413) 747-1545

FROM:

Leslee Hymowitz

There will be a total of 2 pages including the cover sheet.

Transmittal from HP OFFICEJET LX (516) 338-5592

If there are any questions or if you are having difficulty in receiving, please call us at (516) 338-8700.

Thank you.

COMMENTS:

The information contained in this facsimile message is confidential information. Intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any unauthorized dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone. Thank you.

SHALIK, MORRIS & CO., LLP • 7001 BRUSH HOLLOW ROAD • WESTBURY, NY 11590

Phone: 516.338.8700 Fax: 516.338.5592

3196

09/10/2001 15:36 FAX

SHALIK, MORRIS & Co.

002

Law Offices
John J. Spiegel
Professional Association
700 Concord Building
66 West Flagler Street
Miami, Florida 33130
Telephone (305) 539-0700

John J. Spiegel

September 4, 2001

Leslee Hymowitz
Shalik, Morris & Co., LLP
7001 Brush Hollow Road
Westbury, New York 11590

Re: Your File: 8539
Our Client: Christopher Kearney

Dear Ms. Hymowitz:

Thank you for your letter dated August 28, 2001. Please provide me, or have someone else provide me with the specific insurance policy language which compels Mr. Kearney to produce the requested documents as a condition of his continued receipt of benefits. Upon receipt of the specific policy provisions, Mr. Kearney will be more than happy to cooperate to the extent that he is able to do so.

Sincerely yours,


John J. Spiegel

JJS/mc

cc: Christopher Kearney

3197

**Disability
Management
Services, Inc.**

Memo

To: Marty Gunter, Jefferson-Pilot Life Insurance
From: Mariah Shea, Disability Claims Representative, Disability Management Services, Inc.
CC: Todd Diltmar, Director of Claims, Disability Management Services, Inc.
Date: 08/29/01
Re: Christopher Kearney H493029; H538069

Please forward two specimen policies for each of the policies listed above. Please also return the enclosed application files, upon completion. Please call me at (800) 883-0596 Ext. 1122, if you have any questions.

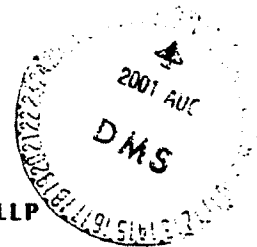


JOSEPH R. LEVY

Forensic Accounting Services to the Insurance Industry

A DIVISION OF SHALIK, MORRIS & COMPANY, LLP

Certified Public Accountants



August 28, 2001

John Spiegel, Esq.
66 W. Flagler Street, 7th Floor
Miami, FL 33130

Our File: #8539
DMS File: #H493029, 538069
D/D: 1993

Dear Mr. Spiegel:

We recently received a voice message from you advising us that you represent Mr. Christopher Kearney in his disability income claim. We are enclosing a copy of the recent record request that was sent to the Claimant on August 13, 2001.

Once we are provided with access to these records we will be in a position to issue our final report to Disability Management Services. I would appreciate it if you would let me know when the records requested will be made available for inspection. You may reach me by calling (516) 338-0800 ext. 282.

Very truly yours,

SHALIK, MORRIS & COMPANY, LLP

A handwritten signature in dark ink, appearing to read 'Leslee Hymowitz'. The signature is written in a cursive, flowing style.

LESLEE HYMOWITZ

LH/db
Enclosure

Copy to: Bob Mills – Disability Management Services

SHALIK, MORRIS & CO., LLP • 7001 BRUSH HOLLOW ROAD • WESTBURY, NY 11590

Phone: 516.338.0800 • 516.338.8700 • Fax: 516.338.5592

3199

Disability Management Services, Inc.
1350 Main Street, Springfield, MA 01103-1619 Tel:(413)747-0990 Fax:(413)747-1545
A third party administrator for:
Jefferson-Pilot Life Insurance Company

August 23, 2001

Christopher Kearney

Redacted

Re: Policy Number/s: H-493029, H-538069
Claim Number/s: H-493029, H-538069

Dear Mr. Kearney:

Thank you for submitting the recent Continuance of Disability form.

We have yet to receive your response to my July 13, 2001 letter. Please be sure to respond as soon as possible so that may continue with the processing of your claim.

If you have any questions, I can be reached directly at 1-800-883-0596 ext. 1076.

Sincerely,

Robert F Mills
Claims Consultant

d/b/a: New England Claims Administration Services, Inc. in FL, MD, ME
Licensed as New England Claims Administration Services, Inc. in CA
d/b/a Centre Claims Administration Services in NH

3200

REM



JOSEPH R. LEVY

Forensic Accounting Services to the Insurance Industry

A DIVISION OF SHALIK, MORRIS & COMPANY, LLP

Certified Public Accountants

2007 AUG
DMS

August 13, 2001

Sent via regular mail & FAX

Mr. Robert Mills
Disability Management Services
1350 Main Street
Springfield, MA 01103

Our File: #8539
Your File: #H493029, 538069
D/D: 1993

Subject: Christopher Kearney

Redacted

SUPPLEMENTAL REPORT

Previously, we issued a preliminary report to you on this matter dated March 26, 2001. At that time, we needed to see additional records in order to verify the subject's disability income claim. On March 23, 2001, we received a box of records for Kenwood Technology Group, Inc. We will present the information contained in that box of records later in this report. On March 26, 2001, we wrote to the claimant and provided him with a listing of the outstanding records. A copy of our March 26, 2001 letter was sent to you at that time.

We subsequently received the enclosed letter from the claimant dated April 5, 2001. The claimant stated his objection to our requesting documentation for Kearney & Associates, Inc. dating back to 1988. He said he previously told your office that he has no further documentation pertaining to this company. Enclosed with the claimant's April 5, 2001 letter were copies of certain 1995 W-2 form issued by Kearney & Associates, Inc.

SHALIK, MORRIS & CO., LLP • 7001 BRUSH HOLLOW ROAD • WESTBURY, NY 11590

Phone: 516.338.0800 • 516.338.8700 • Fax: 516.338.5592

3201



JOSEPH R. LEVY

Forensic Accounting Services to the Insurance Industry

A DIVISION OF SHALIK, MORRIS & COMPANY, LLP

Certified Public Accountants

August 13, 2001

Mr. Christopher Kearney
621 East Bowman Street
Wooster, OH 44691

Our File: #8539
DMS File: #H493029, 538069
D/D: 1993

Dear Mr. Kearney:

We recently issued an interim report to Disability Management Services based on the records you sent to your office. Our last letter to you regarding your disability income claim was dated May 7, 2001. We have not yet received any of the documentation requested in that letter.

In your letter April 5, 2001, you stated your objection to our requesting documentation for Kearney & Associates, Inc. dating back to 1988. You advised you previously told Disability Management Services that you have no further documentation pertaining to this company. While we recognize that you may have discarded some of the records requested for Kearney & Associates, Inc., we are hopeful that you will be able to furnish copies of the corporate income tax returns for this business. The records we still need to see in order to verify your disability income claim are listed below:

1. Personal income tax return (Form 1040), including all W-2 forms, 1099 forms and accompanying schedules for the year 2000.
2. Corporate income tax returns (Form 1120) prepared for Kearney & Associates, Inc. covering the fiscal years 1988-1992.

SHALIK, MORRIS & CO., LLP • 7001 BRUSH HOLLOW ROAD • WESTBURY, NY 11590

Phone: 516.338.0800 • 516.338.8700 • Fax: 516.338.5592

3202

Mr. Christopher Kearney
August 13, 2001
Page 2

3. Corporate income tax return (Form 1120S) prepared for Kenwood Technology Group, Inc. for the year 2000 (as soon as it is prepared).
4. General ledgers or accountant's worksheets summarizing monthly transactions of Kenwood Technology Group, Inc. for all periods in the year 2001.
5. Books of original entry for Kenwood Technology Group, Inc., including:
 - a. Cash receipts journal
 - b. Cash disbursements journal
 - c. Sales or billings journals
6. You can also furnish a diskette of this company's books, if you use the QuickBooks software program.
7. Sales invoices or other records which could be used to substantiate the sales of Kenwood Technology Group, Inc. for the year 2001 to date.
8. Corporate income tax returns (Form 1120 or 1120S) prepared for Innovation, Inc. covering each year you were a principal owner in the business. We will notify you if we require any additional records for this business after we have had an opportunity to inspect the corporate income tax returns.
9. If the company Kearney Magnetics & Engineering is not the same as Kearney & Associates, Inc., please furnish corporate income tax returns (Form 1120 or 1120S) covering each year you were a principal owner in the business. We will notify you if we require any additional records for this business after we have had an opportunity to inspect the corporate income tax returns.

Mr. Christopher Kearney
August 13, 2001
Page 3

The records listed above should cover the period from fiscal 1988 up through the date the company ceased operating for Kearney & Associates, Inc. and for all periods in the year 2001 to date for Kenwood Technology Group, Inc.

The records we have requested are needed so that we may issue our final report to Disability Management Services. I would appreciate it if you would let me know when the records requested in this letter will be made available for inspection. You may reach me by calling (516) 338-0800 or 338-8700.

Enclosed you will find photocopies of the information we received from the Internal Revenue Service and the Social Security Administration.

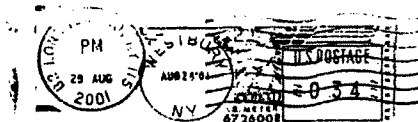
Very truly yours,

SHALIK, MORRIS & COMPANY, LLP


Leslee Hymowitz

LH/bes:emk
Enclosures

Copy to Bob Mills - Disability Management Services



Mr. Robert Mills
Disability Management Services
1350 Main Street
Springfield, MA 01103

01103+1625

3205

Spoke w/ AHG (305) 539-0700
Spoke w/ AHG on 8/1/06. I was taken by
phone call. Telling of the fact this morning
decision was forced to be kept in mind
We were warned that he kept in mind
Kerensky's bid today. Telling to be we could
by reading his letter and respond accordingly.
I will verify other company's production
communicate directly w/ AHG Spoke w/ me &
Rosa



JOSEPH R. LEVY

Forensic Accounting Services to the Insurance Industry

A DIVISION OF SHALIK, MORRIS & COMPANY, LLP

Certified Public Accountants

INVOICE

EMPLOYER ID #: 11-2973036

August 15, 2001

INVOICE #208

Mr. Robert Mills
Disability Management Services
1350 Main Street
Springfield, MA 01103

Our File: #8539
Your File: #H493029,538069
D/D: 1993

Subject: Christopher Kearney

FOR SERVICES RENDERED:

Professional Fees:	\$1,835.00
Typing & Clerical:	127.50
Other necessary expenses	6.40
	<u>\$1,968.90</u>

This report was sent to you under separate cover on August 13, 2001.



MAKE CHECKS PAYABLE TO: SHALIK, MORRIS & CO., LLP • 7001 BRUSH HOLLOW ROAD • WESTBURY, NY 11590

Phone: 516.338.0800 • 516.338.8700 • Fax: 516.338.5592

3207



**CS CLAIMS
GROUP INC.**

401 Huehl Road, #1-E
Northbrook, IL 60062
Phone (847) 559-0670
Fax (847) 559-0672

TAX I.D. #36-3756269

TO: Bob Mills
DISABILITY MANAGEMENT SERVICES, INC.
1350 MAIN STREET
SPRINGFIELD, MA 01103-1619

Case Name: Christopher Kearney
Your File #: 433029/H538069(JP)
C S Claims File #: DM02-035A
Invoice Date: 6/30/01

Description		Cost
Professional Services	14.75 hrs. @ \$53	\$781.75
Steno		27.13
Telephone		22.23
Mileage		206.40
Records		101.70
Postage		3.33

Total due for June, 2001 \$1,142.54

SECOND REQUEST - PLEASE

8/8/01

3208

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 2

On May 7, 2001, we went over this assignment with you and explained that many of the records we need in order to verify the subject's disability income claim still have not been provided to us. At that time you requested that we send the claimant a follow-up letter, again listing the outstanding records. Accordingly, on May 7, 2001, we wrote to the subject and provided him with a detailed listing of the missing records. A copy of our May 7, 2001 letter was sent to you previously. To date, we have not heard back from the claimant and none of the other records requested has been furnished to us.

You provided us with a copy of your letter to the claimant dated July 13, 2001. In your letter you made reference to the claimant's letters to you dated July 12 and 16, 2001 as well as the claimant's June 25, 2001 letter to Baker & Baris, Inc. Apparently, the claimant elected not to respond directly to us regarding the records outlined in our May 7, 2001 letter. Your July 13, 2001 letter to the claimant indicated that you received the 1995 corporate income tax return prepared for Kearney Magnetics & Engineering and the 1996 and 1997 corporate income tax returns for Innovation, Inc. As of this writing, you have not sent copies of these documents to us.

On Page 2 of the prior report, we presented information taken from the claimant's 1993-1999 personal income tax returns (Form 1040). This information is repeated below.

	1999	1998	1997	1996	1995	1994	1993
Wages - Claimant	\$ 2,500	\$ 5,000	\$ 8,000	\$14,000	\$29,300	\$22,800	\$51,139
Wages - Wife	--	--	--	--	--	--	4,950
Interest Income					20	17	368
Capital Gain (Loss)			35,229				
IRA Distribution						8,974	
Rental Income (Loss)			(2,368)	595	(3,879)	644	160
Personal Use of Car			1,850	1,900	1,700	1,596	3,523
Taxable Refunds of State & Local Income Taxes			312	457	136		50
Total Income	\$ 2,500	\$ 5,000	\$43,023	\$16,952	\$27,277	\$34,031	\$60,190

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 3

At our request, the claimant previously executed release forms so that we could obtain copies of his 1993-1999 personal income tax returns directly from the I.R.S. as well as an earnings history from the Social Security Administration. We sent the executed release forms in for processing and recently received the information requested.

The I.R.S. advised that they were unable to provide a copy of the claimant's 1993 tax return because it had been officially destroyed. However, they did furnish a listing of certain information from the claimant's 1993 tax return (i.e., adjusted gross income, tax liability, etc.). This information matched the information reported on the 1993 personal income tax return the claimant previously furnished to us. The I.R.S. did forward copies of the claimant's 1994-1998 personal income tax returns. Although the I.R.S. indicated they were providing a copy of the 1999 tax return, this was not included in the package they sent us. The 1994-1998 personal income tax returns we received from the I.R.S. match the ones previously furnished by the claimant. Also, the earnings history we received from the Social Security Administration confirmed the wages reported on the claimant's 1993-1999 personal income tax returns. On Page 2 of the prior report, we presented information provided by the Social Security Administration regarding the source of the claimant's W-2 income in the years 1988-1999. This information is repeated below.

C o n t i n u e d

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 5

Technology Group, Inc. for the years 1998-2000. Below we have summarized certain information taken from Schedule I.

	1-1-00 to 12-31-00	1-1-99 to 12-31-99	8-26-98 to 12-31-98
Sales	\$207,356	\$ 74,416	\$ 20,131
Less: cost of goods sold	(158,888)	(88,404)	(14,993)
Gross Profit (Loss)	48,468	(13,988)	5,138
Less expenses:			
Officer's Compensation	5,000	2,500	0
Salaries & Wages	9,616	2,000	5,000
All Other Expenses	20,486	26,616	3,458
Total Expenses	35,102	31,116	8,458
Net Income (Loss)	\$ 13,366(1)	\$ (45,104)	\$ (3,320)

(1) Before any year-end adjusting entries.

The corporation's sales increased from \$20,131 in 1998 (first year of doing business) to \$74,416 in 1999. In 2000, the company's sales amounted to \$207,356. Sales of \$207,356 are greater than the sales reported by Kearney & Associates, Inc. in fiscal 1993 (\$196,017), fiscal 1994 (\$124,246), fiscal 1995 (\$141,941), fiscal 1996 (\$179,497), fiscal 1997 (\$127,070) and fiscal 1998 (\$32,850).

Amounts reported as officer's compensation by Kenwood Technology Group, Inc. represent the claimant's wages from the company. No officer's compensation was reported for the year 1998. Officer's compensation amounted to \$2,500 in 1999 and \$5,000 in 2000. Salaries and wages to all other employees were reported as \$5,000 in 1998, \$2,000 in 1999 and \$9,616 in 2000. After deducting all costs and expenses, Kenwood Technology Group, Inc. reported net losses

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 4

Year	Kenwood Technology Group, Inc.	Kearney Associates, Inc.
1999	\$ 2,500	\$
1998	5,000	
1997		8,000
1996		14,000
1995		29,300
1994		22,800
1993		51,139
1992		99,512
1991		93,742
1990		51,300
1989		40,382
1988		34,884

At your request, we have sent copies of the documents we received from the I.R.S. and the Social Security Administration to the claimant. The claimant has not yet provided us with copies of his 2000 personal income tax return as requested in our March 26, 2001 and May 7, 2001 letters to him.

As explained in the prior report, the claimant operated Kenwood Technology Group, Inc. from February 1, 1982 (date of inception) through sometime in 1998. In 1998, the claimant began operating a new business, Kenwood Technology Group, Inc. This company was incorporated on August 26, 1998 and elected to be taxed as an S corporation on January 1, 1999. Previously, we saw the 1998 and 1999 corporate income tax returns (Form 1120S) prepared for Kenwood Technology Group, Inc. The claimant recently provided the corporation's general ledgers covering the years 1998, 1999 and 2000. From the general ledger, we prepared a statement of income and expenses for the 12 months ended December 31, 2000. This financial statement is before any year-end adjusting entries. On Schedule I attached to this report, we have presented the income and expenses reported by Kenwood

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 6

in 1998 (a loss of \$3,320) and 1999 (a loss of \$45,104). In the period from January 1, 2000 through December 31, 2000, the corporation's unadjusted net income amounted to \$13,366. The actual amount of sales, costs, expenses and net income (loss) the corporation will report for the year 2000 will not be known until the 2000 corporate income tax return is filed.

The cost of goods sold reported for the years 1998-2000 was comprised of the following items:

	2000	1999	1998
Purchases	\$141,021	\$ 75,238	\$ 14,597
Freight	7,452		
Subcontract Engineering (illegible)		2,681	823
Small Tools	299	1,267	
Shop Supplies	10,116	8,395	
No breakdown furnished			396
Cost of Goods Sold	\$158,888	\$ 88,404	\$ 14,993

The corporation reported a high amount of purchases expense in 1999 (\$75,238) and 2000 (\$141,021). The high purchases reported in these years resulted in the company reporting no net income in 1999 and showing only a small amount of unadjusted net income in the year 2000. The company did not report any beginning or ending inventory amounts as part of the cost of goods sold. To the extent that the ending inventory exceeded the opening inventory, this would result in an understatement of the corporation's net income for the year. With purchases of \$75,238 in 1999 and \$141,021 in 2000, it is apparent that the company should have reported inventory amounts at the end of each year. It is not possible to calculate accurate net income amounts without the company reporting the value of its inventory.

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 7

If we had complete information about the corporation's sales and the purchases corresponding to those sales, we would be able to perform a gross profit test. By matching the purchases to the specific customer/project, we would be able to determine the company's actual gross profit percentage, and, using this information, we would be able to recalculate the corporation's net income (loss). We are in the process of reviewing and analyzing the sales invoices and purchases records the claimant forwarded to us. Once this examination is complete, we will forward our findings to you.

No purchases expense was reported by Kearney & Associates, Inc. in any of the years examined by us. The primary business activity of Kearney & Associates, Inc. was described as "sales - manufacturers' representative," while the primary business activity of Kenwood Technology Group, Inc. was listed as "manufacturing." Generally, a manufacturer will maintain inventory of products purchased, which remain on hand at the end of each year. As explained above, this was not done by the claimant's company, which resulted in an understatement of the company's reported earnings.

The general ledger provided information about the corporation's sales in the period from August 1998 through December 2000. On Schedule II we have listed information about the corporation's sales by customer in the years 1998-2000. Below you will find certain information summarized from Schedule II.

C o n t i n u e d

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 8

MONTHLY SALES			
	2000	1999	1998
January	\$ 42,612	\$ 0	\$ --
February	19,125	3,599	--
March	42,612	0	--
April	0	17,231	--
May	38,250	0	--
June	0	24,123	--
July	24,879	10,338	1,600
August	7,499	0	0
September	24,879	0	0
October	7,499	0	1,300
November	0	0	0
December	0	19,125	17,231
	<u>\$207,356</u>	<u>\$ 74,416</u>	<u>\$ 20,131</u>

The sales reported in the months of July and October 1998 were described as "sales - engineering." All other sales from December 1998 through December 2000 were described as "sales - special machines." The sales from the manufacture of "special machines" were much higher than the engineering sales. Most of the corporation's sales were for a company known as MPI with projects identified as Dayton (#102 and #103) and Lake Mills (#104). The corporation also performed work for Sintering Technologies.

As noted in the prior report, the claimant's earned income would be equal to a combination of his wages plus the S corporation net income (loss). We prepared a calculation of the claimant's average monthly combined earnings in the years 1988-1997 based on the information furnished to us. We have not calculated the claimant's average monthly combined earnings in the years 1998-2000 because it appears that the 1998-2000 corporate income tax returns do not accurately reflect the claimant's earned income. Once again, we are in the process of performing a gross profit

Mr. Robert Mills
Re: Christopher Kearney

August 10, 2001
Page 9

test on the records furnished to us. If we can get an accurate measure of the company's gross profit percentage, we will provide you with our calculation of the subject's combined monthly earnings for the years 1998-2000 once this test is completed. Our calculation of the claimant's average monthly combined earnings in the years 1988-1997 is shown below.

Year	Wages	S Corp. Income (Loss)	Combined Earnings (Loss)	Average Monthly Earnings
2000	\$ 5,000	\$ N/A	\$ N/A	\$ N/A
1999	2,500	N/A	N/A	N/A
1998	5,000	N/A	N/A	N/A
1997	8,000		8,000	667
1996	14,000		14,000	1,167
1995	29,300		29,300	2,442
1994	22,800		22,800	1,900
1993	51,139		51,139	4,262
1992	99,512		99,512	8,293
1991	93,742		93,742	7,812
1990	51,300		51,300	4,275
1989	40,382		40,382	3,365
1988	34,884		34,884	2,907

N/A - Not available.

It is our understanding that the claimant's prior monthly income (PMI) under his policy is based on the highest earnings reported in a single year out of the five years immediately preceding the date of disability. Under that circumstance, the year 1992 represents the highest earnings reported by the claimant in the period from 1988-1992, and his PMI would be equal to \$8,292.67 per month (\$99,512 divided by 12 months). As shown in the table above, the claimant's combined earnings were increasing in each year from 1988 to 1992. We have not been able to verify whether the reduction in the claimant's earnings that

Mr. Robert Mills
Re: Christopher Kearney

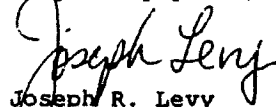
August 10, 2001
Page 10

began in 1993 was as a result of any disability he sustained during 1993. It is possible that the claimant's business was negatively impacted by factors unrelated to the disability. The last recession in the U.S. before the year 2000 began around May 1990. Many businesses were adversely impacted for a number of years thereafter. As a commissioned sales representative, the claimant may not have been impacted by the economic slow down until after 1992.

Your July 13, 2001 letter to the claimant makes reference to the 1995 corporate income tax return prepared for Kearney Magnetics & Engineering and the 1996 and 1997 corporate income tax returns for Innovation, Inc. We would need to see the books and records of these businesses (including the complete tax returns) in order to determine whether the subject received any unreported income from these entities during the post-disability period. You may wish to forward copies of these tax returns to us.

Enclosed is a copy of our most recent letter to the claimant. We will continue to follow up on this matter, and, as additional information is provided to us, it will be forwarded to you along with our comments. Our bill for services rendered will be sent to you under separate cover.

Very truly yours,



Joseph R. Levy
Certified Public Accountant

JRL/bes:emk
Enclosures

3217

SCHEDULE I

Firm Name KENWOOD TECHNOLOGY GROUP, INC.STATEMENT OF INCOME & EXPENSES
FOR THE YEAR ENDED
December 31

	2000	1999	1998
Sales	\$207,356	\$ 74,416	\$ 20,131
Less: Cost of Goods Sold	158,888	88,404	14,993
Gross Profit	48,468	(13,988)	5,138
Interest Income			
Other Income (Loss)			
Total Income	48,468	(13,988)	5,138
Less expenses:			
Compensation of Officers	5,000	2,500	
Salaries & Wages		2,000	5,000
Salaries & Wages - Engineering	6,000		
Salaries & Wages - Shop	3,616		
Rents	6,162	5,430	
Taxes	677	190	1,920
Interest			
Contributions			
Amortization			
Depreciation		950	
Dues & Subscriptions	45		
Advertising			
Pension, profit-sharing			
Employee benefit programs			
Other deductions			1,538
Insurance	918	856	
Telephone	1,643	866	
Heat, fuel, power	511	496	
Professional Fees	3,781	3,267	
Meals & Entertainment	2,631		
Supplies - software	448	2,213	
Office	1,806	1,276	
Automobile	238	6,059	
Bank Fees	365	443	
Exhibition Fee	1,037	3,212	
Travel		1,358	
Security	224		
All Other			
Total Expenses	35,102	31,116	8,458
Net Income (Loss)	\$ 13,366	\$ (45,104)	\$ (3,320)

3218

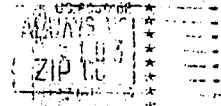
SCHEDULE II

Kenwood Technology Group, Inc.
Listing of Sales
1998-2000

Date	Invoice #	\$ Amount	MPI Lake Mills 104	MPI Dayton 103	MPI Dayton 102	Sintering Technologies
1-28-00	N/S	\$ 42,612.28	\$ 42,612.28	\$		
2-8-00	N/S	19,125.00		19,125.00		
3-3-00	1020	42,612.28	42,612.28			
5-11-00	1021	30,600.00		30,600.00		
5-20-00	1022	7,650.00		7,650.00		
7-21-00	1025	24,879.14	24,879.14			
8-9-00	1026	7,499.04	7,499.04			
9-13-00	1027	24,879.14	24,879.14			
10-4-00	1028	7,499.04	7,499.04			
		<u>\$207,355.92</u>	<u>\$149,980.92</u>	<u>\$ 57,375.00</u>		
2-16-99	N/S	\$ 3,598.60			\$	\$ 3,598.60
4-5-99	N/S	17,230.75			17,230.75	
6-10-99	N/S	24,123.05			24,123.05	
7-14-99	N/S	10,338.45			10,338.45	
12-3-99	N/S	19,125.00			19,125.00	
		<u>\$ 74,415.85</u>			<u>\$ 70,817.25</u>	<u>\$ 3,598.60</u>
7-15-98	N/S	\$ 1,600.00			\$	\$ 1,600.00
10-7-98	N/S	800.00				800.00
10-9-98	N/S	500.00				500.00
12-22-98	N/S	17,230.75			17,230.75	
		<u>\$ 20,130.75</u>			<u>\$ 17,230.75</u>	<u>\$ 2,900.00</u>



JOSEPH R. LEVY
CERTIFIED PUBLIC ACCOUNTANT
775 W. Crescent Avenue
P.O. Box 77
Allendale, NJ 07401



Mr. Robert Mills
Disability Management Services
1350 Main Street
Springfield, MA 01103

01103+1625 03



3220

JOHN T. KENNY, Ph.D., ABPP

Neuropsychologist

PARKWAY MEDICAL BUILDING, SOUTH
3619 PARK EAST DRIVE, SUITE 313
BEACHWOOD, OH 44122-4312
(440) 646-1771
TELECOMER: (440) 646-1705



July 17, 2001

Mr. Robert F. Mills
Disability Management Services, Inc.
1350 Main Street
Springfield, MA 01103-1619

RE: **IME for Christopher Kearney**
Claim Nos. H493029, H538069

Dear Mr. Mills:

On May 14, 2001, numerous files, tests and reports were copied and sent to Dr. Jeff Green at the request of Disability Management Services. When such extensive copying and forwarding is requested, it is our standard office practice to charge for this service. The attached invoice in the amount of \$45.00 was forwarded to Dr. Green along with the materials.

To date we have not heard from you, nor have we received payment for this amount. May we please have your check as soon as possible. If anything else is needed, please let me know.

Very truly yours,

Kathie Pearlstein
Office Manager for Dr. Kenny

Attach.

JOHN T. KENNY, Ph.D., ABPP

Neuropsychologist

PARKWAY MEDICAL BUILDING, SOUTH

3619 PARK EAST DRIVE, SUITE 313

BEACHWOOD, OH 44122-4312

(440) 646-1771

TELECOPIER: (440) 646-1705

Copy

S.S. NO. 059-32-6433

INVOICE

May 14, 2001

Dr. Jeff Green, Clinical Director
Disability Management Services, Inc.
1350 Main Street
Springfield, MA 01103-1628

For: IME for Christopher Kearney
Claim Nos. H493029, H538069

Raw data, office notes, computer generated reports and
summary report copied and sent on 5/15/01
per your 5/7/01 request

\$45.00

ok to pay
REP

3222

FROM : Baker & Baris

PHONE NO. : 508 753 7844

Jun. 29 2001 02:00PM P1

Baker & Baris, Inc.
P.O. Box 98
Paxton, MA 01612
Ph: (508)752-7788
Fax: (508)753-7844

.....
facsimile transmittal

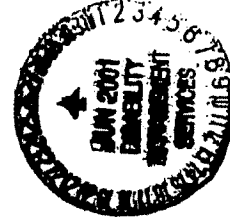
To: Bob Mills Fax: 413 747-1545
From: Mary A. Baker, M.A., CRC Date: 6-29-01
Re: Chris Kearney Pages: 3
CC:
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

.....
Per my voice mail message -

.....
3224

Baker & Baris, Inc.

A Disability Management Company



TO: BOB MILLS
FROM: MARY A. BAKER
SUBJECT: CHRISTOPHER KEARNEY
DATE: 6/25/01

Please see the attached email message I received from Alan Getreau's office. When the insured contacted them, he was quite abrupt, and refused to say anything beyond what they reported.

As you and I discussed, I will await follow up directives from you pending your letter to the insured. In the meantime, I am submitting an invoice for work completed thus far. Please note, I will be on vacation from July 2 - 13, returning to my office on July 16th. Thank you.

P.O. Box 96 • Paxton, MA 01812 (508) 752-7788 • Fax (508) 753-7844
P.O. Box 374 • Dayville, CT 06241 (860) 779-8384 • Fax (860) 774-9142

3230

Sent via e-mail to Mary Baker on 6/21/01

We received a telephone call from Mr. Kearney around 10:15 am on June 21, 2001. He was returning our call and explained that he does not like telephone calls. He has privacy issues and does not want disability discussed over the telephone. He explained that he has nieces and nephews around and they could hear. He requested our address to send a letter.

Baker & Baris, Inc.
PO Box 98
Paxton, MA 01612

Invoice

DATE	INVOICE #
6/25/2001	498

BILL TO
Disability Management Services, Inc. 1350 Main Street Springfield, MA 01103

CLAIMANT	CLAIM #	CASE MANAGER	
Christopher Kearney		Bob Mills	
DATE	ACTIVITY	TIME	AMOUNT
June, 2001 activity	File Review	7.5	600.00
	Conference with Examiner	0.5	40.00
	Conference with Vendor	0.5	40.00
	Follow up activity	0.75	60.00
	Postage		23.25
Please remit to: Baker & Baris, Inc., P.O. Box 98, Paxton, MA 01612 EIN: 04-3445375		Total	\$763.25

*ok to pay
6/25/01*

3232

Baker & Baris, Inc.

A Disability Management Company

June 11, 2001

Christopher L. Kearney
621 E. Bowman Street
Wooster, OH 44691

Dear Mr. Kearney:

I am writing to you on behalf of Disability Management Services, Inc. As a vocational rehabilitation consultant, I have been asked by Mr. Robert Mills to review your file in an effort to obtain a better understanding of your prior and current occupational responsibilities and functional status.

To this end, I am referring your case to a certified rehabilitation counselor to gather additional occupational information via a face to face interview. Alan Getreau, CRC, of First National Rehabilitation Services, Inc. is an independent consultant and he is available to meet with you on either **Tuesday, June 26th** or **Thursday, July 5th**. Upon receipt of this letter, please contact Mr. Getreau's office at (888) 701-2286 to schedule a mutually convenient meeting time on one of those days.

Thank you for your cooperation.

Sincerely,



Mary A. Baker, M.A., CRC
Rehabilitation Consultant

CC: Robert Mills
Alan Getreau

3236

P.O. Box 98 • Paxton, MA 01812 (508) 752-7788 • Fax (508) 753-7844

P.O. Box 374 • Dayville, CT 06241 (860) 779-6384 • Fax (860) 774-9142

Baker & Baris, Inc.

A Disability Management Company

June 11, 2001

Mr. Alan Getreu
First National Rehabilitation Services, Inc.
114 Old Country Road, Suite LL-76
Mineola, NY 11501

Dear Alan,

Please find the enclosed file information regarding the disability claim of Christopher Kearney. This claim was referred to Baker & Baris to coordinate a comprehensive vocational evaluation for Disability Management Services, Inc., third party administrator for Jefferson Pilot Life Insurance Company.

Mr. Kearney was self-employed as a manufacturers broker at the onset of his disability claim in February of 1993, initially for back problems and then depression. In 1998 he filed bankruptcy and soon after began a new business. He has maintained since mid-1990 that he has been unable to carry out the full scope of his business responsibilities, secondary to his psychological impairment, and as such, has been receiving residual disability benefits based on his loss of income. He cites difficulty with sales calls and managing operations on a full time basis as his primary limitations. Mr. Kearney has been under the treatment of psychologist Donna Judd since 1994 with little improvement in his symptoms. The enclosed file information will provide you with detailed history, which will be the basis of our discussion following your review.

Mr. Kearney has been notified of your planned visit and was instructed to call your office to schedule a meeting on either 6/26/01 or 7/5/01, your planned travel dates per Jamie. The purpose of your interview is to obtain detailed occupational data relative to Mr. Kearney's past and present businesses, as well as his educational and vocational background. Mr. Kearney should be asked why he has, or has not, considered salaried positions as opposed to self-employment, either currently or in the past. Please also gather as many specifics as possible regarding the scope of his businesses.

In addition to your interview with Mr. Kearney, please attempt to contact any prior employees or current subcontractors for additional input to his occupational functioning. As you will glean from the enclosed records, Mr. Kearney has expressed his mistrust of the insurance company on many occasions. In light of this, please focus your conversation on the occupational issues only, avoiding any discussion of his medical history and status. Following your evaluation, we would like you to proceed with a

P.O. Box 98 • Paxton, MA 01862 (508) 752-7788 • Fax (508) 753-7844

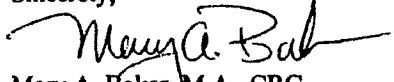
P.O. Box 374 • Dayville, CT 06241 (860) 779-6384 • Fax (860) 774-9142

3237

Transferable Skills Analysis and subsequent Labor Market research given the "any occ" definition of Mr. Kearney's policy provisions.

Alan, please call me following your review so that we can discuss this claim in more detail. I look forward to hearing from you.

Sincerely,



Mary A. Baker, M.A., CRC

CC: Robert Mills
DMS, Inc.

Psychiatric Disability Consultants, Inc.

Jeff Green, Ph.D. Clinical Director

June 4, 2001

Memo**TO: Bob Mills****Re: Christopher Kearney****Nature of Memo: Update**

Bob, I have reviewed the raw data submitted by John Kenney, Ph.D. subsequent to his evaluation of Christopher Kearney. I reviewed the data in concert with the evaluation and found the data to be consistent with the report and findings of Dr. Kenney. The raw data will continue to be maintained in a locked cabinet in my care.

Respectfully,



Jeff Green, Ph.d.

Licensed psychologist

Clinical Director, PDC Inc.



**CS CLAIMS
GROUP INC.**

401 Huehl Road, #1-E
Northbrook, IL 60062
Phone (847) 559-0670
Fax (847) 559-0672

TAX I.D. #36-3758289

TO: Bob Mills
DISABILITY MANAGEMENT SERVICES, INC.
1350 MAIN ST.
SPRINGFIELD, MA 01103-1619

Case Name: Christopher L. Kearney
Your File #: 433029/H538069 (JP)
C S Claims File #: DM02-035A
Invoice Date: 4/30/01

Description			Cost
Professional Services	(Background)	9.25 hrs. @ \$53	\$490.25
Steno			13.58
Telephone			18.77
Mileage			31.80
Copies			21.50
Postage			5.92

Total due for April, 2001

\$581.60



3247